



## Progress Report to Council: First Quarter, 2018

Implementing the 2018-2023 Strategic Business Plan Update

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At Seattle Public Utilities, our mission is to deliver efficient and forward-looking utility services that keep Seattle the best place to live. To keep our pledge to meet community and environmental needs, we:

- Maintain and deliver some of the nation's best drinking water;
- Help Seattle residents and businesses be recycling leaders; and
- Protect local waterways and Puget Sound from sewage overflows and polluted storm water runoff.

We do these things while always keeping in mind that we need to spend our customers' money wisely.

### The 2018 -2023 Strategic Business Plan

Seattle Public Utilities (SPU) worked with customers and employees to update its Strategic Business Plan (the Plan) to guide our work from 2018 through 2023. The Plan Update continues to provide greater rate predictability while making important investments for the future.

The Strategic Business Plan Update was adopted by the Seattle City Council on November 17, 2017, via Resolution 31760.

### Quarterly Highlights

The Strategic Business Plan includes all of SPU's work and the services we provide to our customers. Table 1 summarizes SPU's current performance in 21 service areas. Some highlights are provided below.

- **Utility Discount Program (#3).** SPU continues to work with the Human Services Department (HSD) toward the year-end goal of 34,000 program enrollees in the Utility Discount Program (UDP). HSD is working with the King County tax assessor to identify low-income property owners enrolled or eligible for the State's property tax deferral or exemption programs to increase UDP enrollment. Ongoing administrative clean-up work on the database may affect our progress toward the year end goal.
- **Limit CSOs (#7).** We continue to make progress toward the long-term goal of <1 CSO per outfall per year over a 20-year moving average. This metric is updated annually.
- **Recycling and composting (#11).** We continue to make progress toward the long-term goal of 70%. This metric is updated each year in July.
- **WMBE spending (#21).** Reporting on WMBE utilization is delayed while invoice and processing issues related to the citywide PeopleSoft upgrade are resolved.

**Table 1. Service Level Performance – First Quarter 2018**

#	Performance Metrics	Reporting Frequency	Target	2018 Performance
<b>Focus Area: Customer Experience - Making it easier to get help and find answers</b>				
1	Customers rank their satisfaction with SPU services is at least 5 on a scale of 1-7. (Last measured in 2015.)	Every 4 Years	≥5	5.9
2	% of priority drinking water, drainage, and wastewater problems responded to within one hour. (YTD)	Monthly	≥90%	92%
3	# of households enrolled in the Utility Discount Program. - Increase since January 1 - 2018 year end goal: 34,000	Monthly	NA 34,000	188 33,064
<b>Focus Area: Health and Environment - Protecting your health and our environment</b>				
4	Compliance with all Department of Health regulations.	Monthly	Yes	Yes
5	Meet tribal, regional, state and federal commitments for instream water for fish. This includes implementing a beneficial instream flow regime that provides high quality fish habitat for salmon and steelhead and reduces the risks of stranding juvenile fish or dewatering fish redds (nests).	Quarterly	Meet commitments for the quarter	Yes
6	Limit sewer overflows to no more than 4 annually per 100 miles of pipe, on a two-year average. - # of total sewer overflows in the current biennium - # of sewer overflows that count towards the Consent Decree threshold - # of sewer overflows in the current biennium per 100 miles of sewer pipe	Monthly	NA <114 <4	50 48 1.7
7	Limit CSOs (combined sewer overflows) at each outfall to ≤1 per outfall per year over a 20-year moving average. - # of CSOs per outfall (85 outfalls total), year-to-date average.	Annual 1 month lag	≤1.0 by 2025 No target. FYI.	3.1 0.7
8	# tons of pollutants removed from roads during 2017. (YTD)	Quarterly	≥140 tons/year	48
9	# gallons of runoff water managed using Green Stormwater Infrastructure. (In millions of gallons)(YTD)	Quarterly	11.3M gallons by year-end	12.4
10	Achieve Water Conservation Partnership regional water conservation goal. (MGD= million gallons/day)	Annual (April)	<105 MGD	94.4
11	% of refuse being recycled or composted.	Annual (July)	≥70% by 2022	58.8%
12	% of graffiti removed within 10 business day for SDOT structures and 6 business days for SPU property.	Monthly	≥90%	100%
13	% of illegal dumping cleaned-up within 10 business days.	Quarterly	≥80%	100%
<b>Focus Area: Operational Excellence - Improving how we work to deliver consistent, high quality services</b>				
14	Meet obligations in wholesale customer contracts for pressure, flow, and unplanned transmission system outages.	Quarterly	Meet commitments	Yes
15	No critical services (e.g., hospitals) are inaccessible due to flooding, except during extreme storm events (events exceeding a 100-year, 24-hour design storm event).	Monthly	All critical services accessible	Yes
16	Provide reliable solid waste pickup with only one missed pickup for each 1,000 stops.	Monthly	≤1	0.4
17	Limit late container deliveries to a maximum of two per 100 deliveries.	Monthly	≤2	1.0
18	Collect at least 95% of missed Residential and Multifamily solid waste pickups within one business day. (YTD)	Monthly	≥95%	97%
21	% of purchases and consulting contracts with W/MBE firms. (YTD)	Monthly	Monthly	TBA
		Monthly	Monthly	TBA
<b>Focus Area: Financial Health</b>				
19	Stay within the overall 5.2% Endorsed rate path through 2023.	Quarterly	≤5.2%	Yes
20	The Water Fund is meeting its financial policy guidelines	Quarterly	Yes	Yes
20	The Drainage & Wastewater Fund is meeting its financial policy guidelines	Quarterly	Yes	Yes
20	The Solid Waste Fund is meeting its financial policy guidelines	Quarterly	Yes	Yes
<div>Not measured monthly</div> <div>On track</div> <div>Monitor</div>				

## Action Items and Council Deliverables – Improving Services

This section summarizes our progress on the twelve investment Action Items and ten Council Deliverables that support the 2018-2023 Strategic Business Plan Update. Table 2 and Table 3 present the overall goals of each Action Item and Deliverable, as well as our 2018 deliverables for each, and our progress in the First Quarter.

**Table 2. Progress on Action Items and Council Deliverables**

2018-2023 Action Items Overall Goals	2018 Deliverables and First Quarter Progress	On track?
<b>1. Apprenticeship Program</b> Expand and enhance SPU's apprenticeship program to recruit and retain the best and most diverse talent by providing more training and creating career pathways into and up in the organization.	<b>2018 Deliverables:</b> Begin the process to hire approximately 15 Water Pipe Worker apprentices. Develop instructional lesson plans for both Water and Drainage and Waste Water (DWW). <b>In the First Quarter,</b> we are evaluating our existing training materials as we prepare to develop a full curriculum to support the Apprenticeship Program, in accordance with guidelines from the Washington State Department of Labor and Industries.	Yes
<b>2. Diaper &amp; Pet Waste Feasibility Study</b> Evaluate the feasibility of composting diapers and pet waste.	<b>2018 Deliverables:</b> Final program options confirmed. <b>In the First Quarter,</b> we published an RFP to study the feasibility of pet & diaper waste diversion on April 16th. Responses are due in mid-May, and we expect to interview consultants in early June.	Yes
<b>3. Facilities Improvements</b> Purchase property, reconstruct existing facilities, and construct new facilities to address deficient work space conditions for field crews, equipment, and administrative staff: North Operations Complex; South Operations Complex; Cedar Falls; and Seattle Municipal Tower.	<b>2018 Deliverables:</b> 1. Design & permit South Operations Center 2018 2. Construct South Operations Center 2019-2021 3. Commission & relocate DWW South Operations Center 4. Haller Lake Yard facilities plan with FAS in 2018 5. Haller Lake Yard property agreement with FAS in 2019 6. Start design & permit for the North Operations Complex facilities & site improvements 2020 7. Start relocation & construction North Operations Complex in phased sequence. <b>In the First Quarter,</b> we expect completed construction drawing for the South Operations Center by the end of May.	Yes
<b>4. Green Fleet</b> Fund the infrastructure needed to implement a fleet of electric vehicles to reduce SPU's use of fossil fuels and support the City's Drive Clean Seattle Fleet initiative.	<b>2018 Deliverables:</b> 1. Hire Green Fleet Project Manager by end of Q1 2018 2. Align and finalize Green Fleet Action Plan by end of Q2 2018 3. Complete short term (2 year) plan tasks aligned with fleet, electricians budget and others by end of Q3 2018 4. Complete (remaining 5 years) long term plan beyond of Q4 2018 <b>In the First Quarter,</b> the Program Manager was hired and begins work in May. Revisions to the Green Fleet Action Plan will commence when the Mayor's Green Fleet Executive Order is issued.	Yes
<b>5. Green Stormwater Infrastructure Pilot</b> Expand green stormwater infrastructure projects with a focus on urban villages to support livability while addressing stormwater management needs.	<b>2018 Deliverables:</b> Conduct spatial analysis across a range of variables to identify six high priority urban villages for possible year 1 project sites. In each site, identify key DWW issues that may be solved with green infrastructure, and complete high-level problem definition and opportunities assessments. Select final 1-2 urban villages for 1st year of program and begin concept development. <b>In the First Quarter,</b> we are working to identify six high-priority urban villages for possible projects.	Yes
<b>6. Pump Stations, Force Mains, and Combined Sewer Overflow Outfalls</b> Rehabilitate or replace assets at SPU's 68 sewer pump stations and their associated for mains to help prevent sewer overflows and backups. Rehabilitate and replace SPU's 86 CSO outfalls to help prevent sewer backups.	<b>2018 Deliverables:</b> Begin construction of pump station ventilation upgrades and other improvements (pump stations 2, 72, and 73); begin construction of Force Main 43 emergency replacement; start design of next pump station improvement packages and design of two airlift pump stations. <b>In the First Quarter,</b> we replaced or rehabilitated critical equipment at 20+ pump stations. The largest projects in the program are at 100% design and will proceed to construction later this year.	Yes

2018-2023 Action Items Overall Goals	2018 Deliverables and First Quarter Progress	On track?
<b>7. Security Monitoring</b> Add a dedicated security monitoring center to provide SPU with real-time monitoring of security video and add a security position to respond to an increasing number of incidents, improve response time to alarms, and perform more security checks.	<b>2018 Deliverables:</b> Program to initiate following the hiring of a security program specialist. <b>In the First Quarter,</b> we are evaluating how to implement enhancements to our security monitoring operation including the use of additional security personnel to respond to incidents and alarms.	Yes
<b>8. Sewer Rehabilitation</b> Increase repair, rehabilitation, and replacement of SPU's aging wastewater and drainage pipes, based on criticality and condition assessments, to support SPU's goals of preventing sewer overflows and meeting regulatory requirements.	<b>2018 Deliverables:</b> Invest \$27.2 million in sewer rehabilitation. <b>In the First Quarter,</b> we have spent \$3.67M to date. This figure is based on current information in the City's PeopleSoft accounting system. The figure may be incomplete due to the software transition issues and the timeliness of processing invoices and billings. We hope to have a complete update for the Second Quarter Report.	Yes
<b>9. Sewer Repairs</b> Increase sewer spot repairs utilizing trenchless technology, an efficient and cost-effect approach to address certain sewer system problems, to support meeting SPU's regulatory requirements, and reduce the likelihood of structural failures and sewer backups.	<b>2018 Deliverables:</b> Be ready to begin field work in 2019 by hiring and training staff in 2018 and buying the needed equipment. <b>In the First Quarter,</b> we identified the trenchless technology methodology to employ; the selection of equipment is underway.	Yes
<b>10. Technology Portfolio Management</b> Add a position to manage SPU's information technology portfolio and governance system to enable SPU to better partner with the Information Technology Department to develop, manage, and track SPU's suite of technology projects.	<b>2018 Deliverables:</b> Develop a multi-year plan to ensure that Seattle IT services align with SPU's business priorities. This includes creating service level agreements and/or service expectations and metrics for critical services; ensuring the Technology CIP portfolio reflects SPU's priorities; and developing asset management plans for systems that are unique to SPU. <b>In the First Quarter,</b> this project will kick off Third Quarter 2018.	Yes
<b>11. Water Distribution System Maintenance</b> Expand maintenance of approximately 60,000 water valves and 19,000 fire hydrants to better ensure that valves and hydrants operate reliably when needed, particularly during emergencies.	<b>2018 Deliverables:</b> Continue to complete deferred minor maintenance work orders. Document backlogged work orders as part of monthly reporting. <b>In the First Quarter,</b> we continued to track and catch up on the backlog of deferred work orders. We are in the process of filling two new staff positions and ordering fleet to support this work.	Yes
<b>12. Water and Drainage &amp; Wastewater Opportunity Projects</b> Take advantage of street openings driven by transportation projects by initiating water infrastructure projects to improve service levels, reduce risk, reduce future costs, and provide service where there currently is none.	<b>2018 Deliverables:</b> Address each potential opportunity project through Stage Gates options analysis (triple-bottom-line cost-benefit analysis) to determine recommended course of action. <b>In the First Quarter,</b> we continued to communicate regularly with the Seattle Department of Transportation, so we can track and analyze SDOT's upcoming projects.	Yes

**Table 2. Progress on City Council Deliverables**

2018-2023 Council Amendment Scope	2018 Deliverables and First Quarter Progress	On track?
<b>1. Customer Review Panel</b> Maintain continuous stakeholder engagement. Submit legislation to formally establish the Review Panel with details for composition, appointment and confirmation rules, and other procedural requirements.	<b>2018 Deliverables:</b> Submit Review Panel legislation by year-end 2017. Have Panel meet twice a year. <b>In the First Quarter,</b> we have identified potential Review Panel members and we expect to propose appointees to the City Council in May for confirmation.	Yes

2018-2023 Council Amendment Scope	2018 Deliverables and First Quarter Progress	On track?
<b>2. CIP Cost Review</b> Report to the Council Committee with scoping recommendations, timelines, and an estimate of the cost to engage one or more consultants to do an independent cost estimate for all discrete non-relocation-related CIP projects with an estimated total cost of no less than \$60 million.	<b>2018 Deliverables:</b> Create a plan to monitor, report and maintain CIP spending at 97.5% of the CIP Adopted in the CIP adopted in the Strategic Business Plan. <b>In the First Quarter,</b> we completed independent review and reconciliation on the Ship Canal Water Quality Project on March 9.	Yes
<b>3. CIP Accomplishment Rate</b> Adjust the baseline capital improvement program accomplishment rate from 100% to 97.5%.	<b>2018 Deliverables:</b> Create a plan to monitor, report and maintain CIP spending at 97.5% of the CIP Adopted in the CIP adopted in the Strategic Business Plan. <b>In the First Quarter,</b> we adjusted the accomplishment rate and we are monitoring spending to ensure we remain within the 5.2% rate path.	Yes
<b>4. Water Tap Fees</b> Adjust water tap fees to reflect current costs of service. Updated fees shall be implemented by SPU via Director's Rule no later than April 1, 2018.	<b>2018 Deliverables:</b> Adjust water tap charge to recover costs and have an updated Directors Rule by April 1, 2018. <b>In the First Quarter,</b> we finalized the adjustments to the Water Tap fees.	Monitor
<b>5. Water Connection Charges</b> Update the water connection charge to ensure that SPU is charging the appropriate amount related to connecting to the water system and consistent with the SMC. Updated charges shall be implemented by SPU via Director's Rule no later than April 1, 2018.	<b>2018 Deliverables:</b> Adjust water connection charge to recover costs and have updated Directors Rule by April 1, 2018. <b>In the First Quarter,</b> we finalized the update to the Water Connection charges.	Monitor
<b>6. Utility Taxes</b> Evaluate the transparency of utility billing information including the portion of a customer's bill attributable to state and local utility taxes, and specific state and local tax rates. Provide recommendations to the City Council addressing the Customer Review Panel's letter no later than April 15, 2018.	<b>2018 Deliverables:</b> Recommendations to the City Council by April 15, 2018. <b>In the First Quarter,</b> we completed a draft proposal to improve transparency on customers' bills regarding the amount of taxes paid and provided to Council for review.	Yes
<b>7. System Development Charges</b> Develop a formal policy proposal to establish new sewer and drainage connection charges and change the method of calculating the water connection charge. Submit the policy proposal to City Council by June 1, 2018.	<b>2018 Deliverables:</b> Develop policy to establish new sewer and drainage connection charges and submit to Council by June 1, 2018. Develop a policy to change the method for calculating the water connection charge and submit to Council by June 1, 2018. <b>In the First Quarter,</b> we conducted research, including interviewing eight utilities, on System Development Charges (SDC) and identified several topics to analyze, including: calculating charges, use of revenue, implementing latecomer agreements, and mitigating the impact of SDCs on affordable housing development.	Yes
<b>8. Affordability &amp; Accountability Plan</b> Prepare a strategic plan for affordability and accountability.	<b>2018 Deliverables:</b> Prepare an affordability and accountability strategic plan and submit a status report to Council by August 1, 2018. <b>In the First Quarter,</b> the strategic plan is in development in preparation for delivery to the City Council on August 1, 2018.	Yes

2018-2023 Council Amendment Scope	2018 Deliverables and First Quarter Progress	On track?
<p><b>9. Risk &amp; Resilience</b> Prepare a risk and resiliency management assessment to identify and evaluate potential impact and disruption to SPU's business and investment strategies. The assessment may include the following: climate change; disaster preparedness; economic growth and cost of living trends, market trends for utility services, regional and City investment priorities, and workforce availability and capabilities. Submit a status report on the assessment by August 1, 2018. Submit the final draft to Council by June 30, 2019.</p>	<p><b>2018 Deliverables:</b> Form committee to evaluate SPU's current work and identify gaps and then develop a draft plan for the Resiliency framework. <b>In the First Quarter</b>, we developed an assessment workplan (including establishment of a resiliency framework and communications strategy) for the Status Report due in August. The assessment on focus areas (by Line of Business and corporate function) is nearly complete.</p>	<p>Yes</p>
<p><b>10. Efficiency Report</b> Conduct a thorough review of utility business practices identifying changes in operation and project delivery processes that result in at least 0.1 percentage point decrease to the 5.2 percent combined average annual rate increase.</p>	<p><b>2018 Deliverables:</b> Review business practices identifying 0.1 percentage point decrease to the 5.2 rate increase, by Dec 30, 2018. <b>In the First Quarter</b>, we completed our first round of identifying efficiency ideas; evaluation of those ideas is underway.</p>	<p>Yes</p>